Parkland

Audit Committee Agenda

Committee Members
Chair: Todd Furniss, JD
Vincent Hall
Ramon Miguez, PE
Elizabeth Palacios, MD

Agenda for the ***Audit Committee*** meeting of the Dallas County Hospital District is scheduled for ***Wednesday, June 12, 2024 at 12:30 PM***, at 5200 Harry Hines Blvd (WISH Building) Dallas, TX 75235, Executive Conference Room 02-175. (If assistance is needed in locating the room, please see the Administration receptionist on the 4th floor, 04-131.) A quorum will be physically present at the location of the meeting. Videoconferencing access is also possible via WebEx. That application is available at https://www.webex.com/downloads.html. Teleconferencing access is possible by calling +1-415-655-0001. Both virtual access forms require inputting (meeting number: 2634 848 5198; meeting password: 1234) to join the meeting. The ***Audit Committee*** reserves the right to exercise discretion and may convene in Executive Session as permitted by Texas Government Code §§551.071 (consultation with attorney), 551.072 (deliberations regarding real estate), 551.074 (personnel matters), 551.076 (deliberations regarding security devices or security audits), 551.078 and/or 551.0785 (deliberations by medical committee or by governmental body that administers a public insurance, health or retirement plan regarding individuals' medical or psychiatric records), 551.085 (deliberation by governing board of certain providers of health care services), 551.087 (deliberation regarding economic development negotiations), 551.088 (deliberation regarding test item); Texas Government Code §418.183 (deliberation of information under §§418.175 – 418.182 for purposes of disaster management or disaster planning); Texas Health & Safety Code §161.032 (medical committee or medical peer review committee records, information or reports; and/or medical committee or medical peer review committee proceedings under Tex. Health & Safety Code Chapter 161 and/or Tex. Occ. Code Chapters 151 and 160); and/or as otherwise authorized by law on any item listed below. The ***Audit Committee*** may consider any of the agenda items in open or executive session and may continue the meeting as necessary to accomplish the business at the time and place designated by the Chair to reconvene.

	PAGE	TIME (MIN)	PRESENTER(S)
I. Opening/Call to Order/Declare a Quorum Present/Mission Statement/Opening Remarks ***Advance Wellness | Relieve Suffering | Develop and Educate*** **I CARE** **I**ntegrity **C**ompassion and Collaboration **A**ccountability **R**espect **E**quity			Chair
II. Public Comments Regarding Agenda Items *See public comment registration information and rules at https://www.parklandhospital.com/board-of-managers*			Chair
III. Reports Requiring Deliberation(s) or Approval(s)			
A. Update on the Internal Audit Services Assessment (Oral)		15 mins	Pamela Bryant
B. Open Session Summary to discuss following topics:	*3*	15 mins	Vic Summers
i. Update on the FY24 Internal Audit Services Audit Plan and Schedule			

	PAGE	TIME (MIN)	PRESENTER(S)
ii. Internal Audit Services Mid-Year Activity Report			
iii. DCHD Audit Committee Charter – Annual Approval			
iv. Internal Audit Services Charter – Annual Approval			
v. Open Session Audit Follow-up Reports *Update on corrective action plans for audits presented in prior open session Audit Committee meetings*			
IV. Executive Session Tex. Gov't Code §§551.076; Tex. Health & Safety Code §§161.032			
A. Executive Session Summary to discuss following topics: [§§161.032]	*6*	15 mins	Vic Summers
i. Disaster Readiness Audit, Report No. [§§551.076] *Presentation concerning disaster readiness audit*			
ii. Executive Session Audit Follow-up Reports [§§161.032] *Update on corrective action plans for audits presented in prior executive session Audit Committee meetings*			
B. Independent Briefing with Audit Committee (Oral) [§§161.032] *Discussion of earlier presented agenda items*		10 mins	Chair
V. Action Items			
A. Committee may take action on any agenda item(s) above			Chair
VI. Closing Remarks			Chair
VII. Reference Documents			
A. Fiscal Year 2024 Audit Plan Update and Schedule	*9*		
B. Fiscal Year 2024 Mid-Year Report	*15*		
C. DCHD Audit Committee Charter – Annual Approval	*20*		
D. Internal Audit Services Charter – Annual Approval	*26*		
E. Open Session Audit Follow-up Reports	*40*		
VIII. Executive Session Reference Documents			
A. Disaster Readiness Audit, Report No. 23-19 [§§551.076]	*47*		
B. Executive Session Audit Follow-up Reports [§§161.032]	*54*		
IX. Adjourn			Chair

Parkland

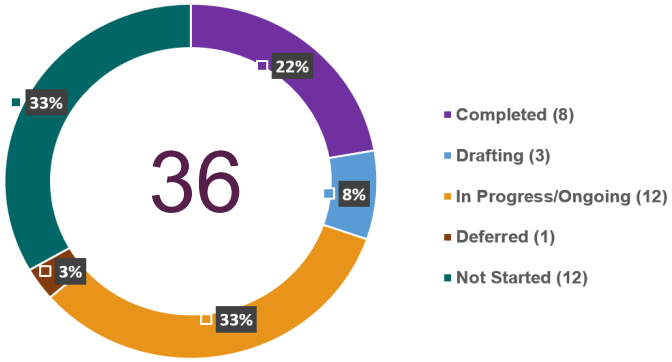
Internal Audit Services

Open Session Summary

Audit Committee Meeting
June 12, 2024
Presented by: *Vic Summers, Chief Audit Executive & Senior Vice President of Internal Audit Services*

Open Session Summary

- **2024 Audit Plan**
  - Projects Completed or Drafting – 30%
    - Includes a management request regarding Colonoscopies
  - Projects In Progress – 33%
  - Projects Not Started – 33%
  - Project Deferred – 3%
  - See the Audit Plan Update in the Reference Section



- **2024 Audit Schedule**
  - Information only, can address any questions
  - See the Audit Schedule in the Reference Section

- **2024 Internal Audit Mid-Year Activity Report**
  - The report provides a summary on the internal audit activity as of March 31, 2024. Information only, can address any questions.

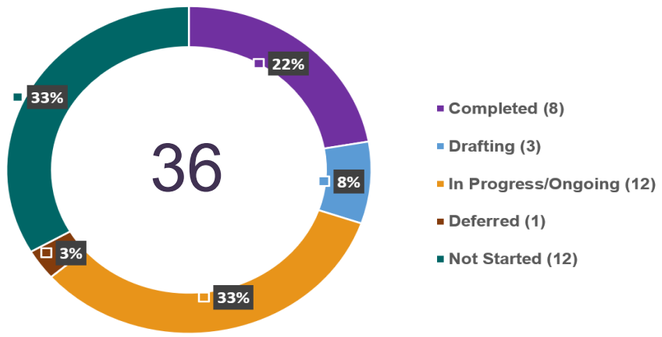
Open Session Summary

- **DCHD Audit Committee Charter Review**
  - Review the existing charters with IIA best practice, no changes recommended. For discussion and approval needed.

- **Internal Audit Services Charter Review**
  - Review the existing charters with IIA best practice, no changes recommended. For discussion and approval needed.

- **Follow-up Report Status**
  - 2 audits and 9 issues were addressed during the period
    - See Audit Follow-up Report Summary in Reference Section
    - See Closure Report in the Reference Section
  - Continue to work with management on all open issues
  - Progress being made on all issues
  - Received 3 action due date changes since the implementation of the new process, the extensions were approved by Executive Leadership.
    - See the Follow-up Report in the Reference Section

Internal Audit
Fiscal Year 2024 Audit Plan
Update



	Count	Priority	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
2023 Carry Forward	**8**								
UT RVU Payment		High	Yes		August				Validates the accuracy of Third-Party Administrator (TPA) payments for UT MSA RVU claims.
Network		High	Yes	X					Review of network-layer processes and protections for non-IT controlled applications (i.e. cloud applications).
Vehicles		High	Yes	X					Evaluate whether all Parkland owned vehicles are physically identified and properly accounted for, acquired, maintained, and disposed. Review processes and controls to ensure Parkland policies and procedures and State requirements for ownership/insurance/registration are followed.
Disaster Readiness		High	Yes	X					Review of Parkland's procedures designed to ensure disaster readiness - the ability to continue operations during a disaster and recover after the disaster ends.
UT Documentation Review		High	Yes		August				Evaluating the accuracy of UT billed RVU claims compared to provider documentation.
Telehealth (Combined with Virtual Visits below)		High	Yes						Combine with Virtual Visits and include a review of processes, controls, and regulatory compliance. Ensure IT platform security controls are adequate, and review accuracy of patient charges.
Population Health		High	Yes	X					Evaluation of processes and controls relating to Correctional Health including pharmacy Pyxis medication overrides, completeness of intake medical appointments, evaluation of timely response to safety posts, review of processes for safeguarding assets, and patient requests for health appointments.
Physical Inventory		Medium	Yes	X					FY 2023 Annual sampling of pharmacy and supplies inventory counts to ensure accuracy. Physical counts begin in September.
Audits	**12**								
Assets		High	Yes					X	Review of the control environment to ensure accuracy and completeness of asset records, evaluate processes to ensure safeguarding of assets, and compliance with regulations regarding assets used in patient care.
Payroll		High	Yes			X			End to end review of the payroll process to ensure accuracy and completeness of employee pay, compliance with established procedures, and compliance with applicable regulations.

	Count	Priority	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
Out of State Workers		High	Yes			X			Review for compliance with applicable regulations including Payroll setup, Taxes, Federal & Respective State Law.
Contract Labor		High	Yes					X	Review the newly established invoice and payment process to ensure accuracy.
Role Based Access		High	Yes			X			Review of processes for provisioning of badge and IT access rights according to job needs.
Cigna		High	Yes					X	Review to ensure compliance with the contract and accuracy of claim payments.
Patient Scheduling Process		High	Yes			X			Review of the patient scheduling control environment to ensure resources, wait times, and patient experience are optimized.
Patient Registration Process		High	Yes					X	Review the patient registration controls designed to ensure accuracy and completeness of the information recorded.
Virtual Visits (Combined with Telehealth above)		High	Yes			August			End to end review of process including regulatory compliance, IT controls, patient flow, and scope of practice. Determine how does the process work, who initiates service, how are vitals taken, who is eligible, established vs new, who staffs, scope of practice maintained, are there wait times, is this tracked, scheduling zip codes.
UTSW		High	Yes			X			MSA - 31 Denials, Third-Party Billing/Payment Analysis, Documentation Review
Parkland/PCHP Delegated Entity Agreement		High	Yes	X					Review of Parkland readiness for Delegated Entity (DE) Audit. Validation of prior action plans from the PCHP DE audit. Review of entity MSA to ensure contract compliance.
Construction Contract/Project Review		High	Yes					X	Review to ensure compliance with the contract and accuracy of invoice payments.
Affiliates	**4**								
PCHP		High	Yes				X		Review of the completeness and accuracy of claim payments. Defer to FY2025, due to organization transition.
Foundation		High	Yes					X	Review to be decided using a project-level risk assessment.
PCCI		High	Yes					X	Review to be decided using a project-level risk assessment.
Nursing Homes		High	Yes		X				Oversight, Corrective Action Validation
Annuals	**10**								
Quality Assurance Review		Medium	Yes					X	Annual internal review as required by the Institute of Internal Auditing Standards. Prepare for external review.
Cause Analysis Validation		Medium	Yes					X	Validate prior RCA corrective actions have been sustained. Deferred to FY 2023 after consultation with Quality & Risk Management.
HIPAA Privacy		High	Yes					X	Annual review that typically includes areas of high concern by the OCR. Collarboration project with Corporate Compliance.
External Audit (Interim & Final)		Medium	Yes	X (Final)					Assistance with external audit testing and following up on the prior year deficiencies.
Physical Inventory		Medium	Yes					X	FY 2024 Annual sampling of inventory counts to ensure accuracy. Physical counts begin in September.

	Count	Priority	Planned	Completed	Drafting	In Progress / Ongoing	Deferred	Not Started	Comments
HIPAA Self-Monitoring		Low	Yes					X	Random sampling of Epic patient record access was appropriate by Internal Audit Services, Corporate Compliance, and Legal Affairs personnel.
Follow-up Monitoring		High	Yes			X			Routine monitoring of previously reported issues and management action plans.
Annual Audit Plan		High	Yes			X			Ongoing identification of key issues and risks in the development of the annual audit plan.
Enterprise Risk Management (ERM)		High	Yes			X			Participation in conducting the annual risk assessment, monitoring of progress of identified risks, and reporting of key institutional risks.
Audit /GRC Management System (RFP & Implementation)		High	Yes			X			Continue evaluation of audit management software that will provide efficiencies in adhering to internal audit standards.
	34			7	3	10	1	12	
				21%	9%	29%	3%	35%	
Management/BOM Requests	**2**								
Pharmacy Invistics Implementation		Medium				X			Participate in the implementation to enhance drug diversion and inventory understanding and ensure proper internal controls are implemented.
Contract Labor		High				X			Attorney Work Product Privilege
Colonoscopy - Screening vs. Diagnostic		Medium		X					Review if billing is appropriate for the service provided.
	36			8	3	12	1	12	
				22%	8%	33%	3%	33%	

Internal Audit
Fiscal Year 2024 Audit Plan
Schedule

Reporting Months: *January, April, June, August, October*

	Priority	Project Start	Project End	Report Month	Comments
2023 Carry Forward					
UT RVU Payment	High		December 2023	**August**	Validates the accuracy of Third-Party Administrator (TPA) payments for UT MSA RVU claims.
Network	High		January	**April**	Review of network-layer processes and protections for non-IT controlled applications (i.e. cloud applications).
Vehicles	High		October 2023	**January**	Evaluate whether all Parkland owned vehicles are physically identified and properly accounted for, acquired, maintained, and disposed. Review processes and controls to ensure Parkland policies and procedures and State requirements for ownership/insurance/registration are followed
Disaster Readiness	High		January	**June**	Review of Parkland's procedures designed to ensure disaster readiness - the ability to continue operations during a disaster and recover after the disaster ends.
UT Documentation Review	High		Dec-23	**August**	Evaluating the accuracy of UT billed RVU claims compared to provider documentation
Population Health	High		December 2023	**January**	Evaluation of processes and controls relating to Correctional Health including pharmacy Pyxis medication overrides, completeness of intake medical appointments, evaluation of timely response to safety posts, review of processes for safeguarding assets, and patient requests for health appointments.
Physical Inventory	Medium		October 2023	**January**	FY 2023 Annual sampling of pharmacy and supplies inventory counts to ensure accuracy. Physical counts begin in September.
Audits					
Parkland/PCHP Delegated Entity Agreement	High	October 2023	December 2023	**January**	Review of Parkland readiness for Delegated Entity (DE) Audit. Validation of prior action plans from the PCHP DE audit. Review of entity MSA to ensure contract compliance.
UTSW	High	October 2023	February	**August**	MSA - 31 Denials

	Priority	Project Start	Project End	Report Month	Comments
Virtual Visits	High	October 2023	August	**October**	End to end review of process including regulatory compliance, IT controls, patient flow, and scope of practice. Determine how does the process work, who initiates service, how are vitals taken, who is eligible, established vs new, who staffs, scope of practice maintained, are there wait times, is this tracked, scheduling zip codes.
Contract Labor	High	August	October	**January 2025**	Review the newly established invoice and payment process to ensure accuracy.
Out of State Workers	High	April	June	**August**	Review for compliance with applicable regulations including Payroll setup, Taxes, Federal & Respective State Law
Patient Scheduling Process	High	April	July	**August**	Review of the patient scheduling control environment to ensure resources, wait times, and patient experience are optimized.
Payroll	High	March	July	**August**	End to end review of the payroll process to ensure accuracy and completeness of employee pay, compliance with established procedures, and compliance with applicable regulations.
Role Based Access	High	Aoril	July	**August**	Review of processes for provisioning of badge and IT access rights according to job needs.
Construction Contract/Project Review	High	July	September	**October**	Review to ensure compliance with the contract and accuracy of invoice payments.
Patient Registration Process	High	June	September	**October**	Review the patient registration controls designed to ensure accuracy and completeness of the information recorded.
Assets	High	June	September	**October**	Review of the control environment to ensure accuracy and completeness of asset records, evaluate processes to ensure safeguarding of assets, and compliance with regulations regarding assets used in patient care.
Cigna	High	June	September	**October**	Review to ensure compliance with the contract and accuracy of claim payments.
UTSW	High	March	June	**August**	Third-Party Billing/Payment Analysis
UTSW	High	October 2023	September	**October**	Documentation Review
Affiliates					
Foundation	High	July	September	**October**	Review to be decided using a project-level risk assessment.
Nursing Homes	High	March	June	**August**	Oversight, Corrective Action Validation
PCHP	High	February	June	**Defer to FY25**	Review of the completeness and accuracy of claim payments.
PCCI	High	July	September	**October**	Review to be decided using a project-level risk assessment.

	Priority	Project Start	Project End	Report Month	Comments
Annuals					
HIPAA Privacy	High	June	August	**October**	Annual review that typically includes areas of high concern by the OCR. Collaboration project with Corporate Compliance.
Annual Audit Plan	High	October 2023	September	**August**	Ongoing identification of key issues and risks in the development of the annual audit plan.
Quality Assurance Review	Medium	June	September	**October**	Annual internal review as required by the Institute of Internal Auditing Standards. Prepare for external review.
Cause Analysis Validation	Medium	June	September	**October**	Validate prior RCA corrective actions have been sustained. Deferred to FY 2023 after consultation with Quality & Risk Management.
Follow-up Monitoring	High	October 2023	September	**Bimonthly**	Routine monitoring of previously reported issues and management action plans.
Enterprise Risk Management (ERM)	High	October 2023	September	**NA**	Participation in conducting the annual risk assessment, monitoring of progress of identified risks, and reporting of key institutional risks.
Audit /GRC Management System (RFP & Implementation)	High	October 2023	September	**NA**	Continue evaluation of audit management software that will provide efficiencies in adhering to internal audit standards.
External Audit (Final)	Medium	October 2023	November 2023	**NA**	Assistance with external audit testing and following up on the prior year deficiencies.
External Audit (Interim)	Medium	June	July	**NA**	Assistance with external audit testing and following up on the prior year deficiencies.
Physical Inventory	Medium	September	October	**January 2025**	FY 2024 Annual sampling of inventory counts to ensure accuracy. Physical counts begin in September.
HIPAA Self-Monitoring	Low	September	October	**January 2025**	Random sampling of Epic patient record access was appropriate by Internal Audit Services, Corporate Compliance, and Legal Affairs personnel.
Management/BOM Requests					
Pharmacy Invistics Implementation	Medium	October	September	**NA**	Participate in the implementation to enhance drug diversion and inventory understanding and ensure proper internal controls are implemented.
Contract Labor	High	October	TBD	**TBD**	Attorney Work Product Privilege
Colonoscopy - Screening vs. Diagnostic	High	October	February	**NA**	Review if billing is appropriate for the service provided.

INTERNAL AUDIT SERVICES
Mid-Year Report
October 1, 2023 – March 31, 2024

Parkland Health

Vic Summers, Senior Vice President and Chief Audit Executive

Audit Committee Meeting
June 2024

Purpose

The purpose of this annual report is to provide information on the assurance services, consulting services, and other activities of the internal audit function.

During Fiscal Year 2024, Internal Audit Services (IAS) presented reports and issues to Parkland Management (Management) and the Dallas County Hospital District Board of Manager's Audit Committee (Audit Committee). The projects were the result of our annual audit plan approved by the Board of Managers on September 6, 2023. and requests from Management and/or the Board. This document summarizes the internal audit activity for the plan year as of March 31, 2024.

Services

Internal Audit Services is an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. Services performed include assurance reviews, consults, continuous monitoring, follow-up on prior audits, physical inventory, and continuous improvement of IAS processes.

IAS performs operational and financial audits to evaluate whether hospital departmental controls are effective and efficient, as well as to evaluate for sufficient controls over financial transactions.

Unlike independent external financial audits, internal financial audits do not express professional opinions on presentation of financial statements. Criteria used in the evaluation of the established controls are based on The Committee of Sponsoring Organizations (COSO) framework, and industry best practice criteria are used in evaluating operational effectiveness and efficiency. Frequently, these audits compare operational practices to the departmental procedures established by management.

IAS performs compliance reviews to determine whether processes and controls are compliant with regulations and functioning as intended; some examples of standards used for testing include Centers for Medicare & Medicaid Services Conditions of Participation, Joint Commission, and Federal/State laws.

IAS provides Parkland with a variety of information technology services including audits of general system controls, application controls, data integrity, physical security, information security, and internal data support. IAS also serves as consultants on various system implementation projects. Criteria used in evaluating information technology applications, procedures, and implementations are derived from COBIT (Control Objectives for Information and Related Technology) and industry best practices.

In accordance with The Institute of Internal Auditors' **International Standards for the Professional Practice of Internal Auditing (IIA Standards),** IAS performs consultation services at the request of Management. This value-added service is advisory in nature and is an independent review focusing on areas of management concern. Continuous monitoring activity is designed to provide a proactive review of high-risk topics. Issues noted during these reviews are immediately reported to management for remediation.

The 2024 Audit Plan outlined the internal audit projects and activities to be performed by Internal Audit Services during fiscal year 2024 in accordance with responsibilities established by the IIA Standards and consistent with the Audit Charter. The plan is prepared using a risk-based approach to ensure that areas and activities specific to Parkland Health with the greatest risk are identified for consideration to be audited. Following is the status of projects and other activity released or in progress.

Audit Plan Performance

The approved 2024 audit plan included 36 audits, projects, and activities. The plan included 8 carryover projects from the prior fiscal year. As of March 31, 2024, of the 36 planned activities, 6 have been completed and 11 are in progress.

The following reports with a performance rating were presented to the Audit Committee to date during fiscal year 2024. The remaining projects and activities listed or not reflected below will be detailed by status at the end of the fiscal year.

Legend:

- Controls are functioning as intended.
- Some controls are in place; however, several major issues were noted that could jeopardize the accomplishment of business objectives.
- The control environment is lacking or not functioning as intended and is a contributing factor to non-achievement of business objectives.

Audits	Status	Performance Rating
• 23-36 Population Health	Complete	
• 23-21 Patient Property	Complete	
• 23-25 Price Transparency Compliance	Complete	
• 23-19 Disaster Readiness	Complete	
• 23-23 Physical Inventory	Complete	
• 23-12 Network	Complete	
• 23-26 Telehealth/Virtual Visits	In Progress	
• 24-02 UTSW MSA 31 Denials	In Progress	
• 24-04 UTSW Documentation Review	In Progress	
• 24-07 Patient Scheduling	In Progress	
• 24-08 Payroll	In Progress	
• 24-06 Out of State Workers	In Progress	
• 24-17 Nursing Homes	In Progress	
• 24-25 Audit Follow-up Monitoring	In Progress	

Management/BOM Requests	Status
• 24-35 Colonoscopy	Complete
• 24-33 Contract Labor	In Progress
• 24-32 Pharmacy Invistics Implementation	In Progress

Activities	Status
• Enterprise Risk Management	In Progress
• FY25 Audit Planning	In Progress
• Audit/GRC Management System	In Progress
• Various Committee Participation	In Progress

Follow-Up Projects

Internal Audit Services has provided quarterly reports on previously reported audit recommendations and management responses. Updates were provided to the Committee regarding the status of observations. Between October 1, 2023, and March 31, 2024, IAS tracked 69 audit issues. During the reporting period, Management addressed twenty (20) issues and accepted the risk of one (1) issue. This leaves an ending balance of 48 open issues as of March 31, 2024.

Fraud Reporting and Coordination

Parkland Health maintains the following fraud reporting methods:

- Parkland's Internet home page **(https://www.parklandhealth.org/home)** and internal SharePoint site **(https://phhs.sharepoint.com/)** have ethics and compliance links to report fraud, waste, and abuse.
- Parkland has a hotline for reporting suspected noncompliance, ethics violations, and fraud at the Integrity Line maintained by an external vendor.
- The Code of Conduct includes information on fraud, waste, and abuse.

Compliance, Parkland Police, Patient Financial Services, and IAS coordinate and collaborate on investigations and allegations of fraud, waste, and abuse when appropriate.

Quality Assurance Reviews

In accordance with IIA Standards, external quality assurance reviews are conducted every five years. Internal Audit Services received the highest ratings of Generally Conforms for both previous assessments. IIA Standards require an external assessment every five years, and Internal Audit Services will receive its next external quality assessment in November 2024. Periodic internal assessments are also required by the standards, and the most recent internal assessment was completed in 2023.

Time Summary

The following summary reflects the Audit Plan budget to the actual time dedicated for indirect and direct audit hours as of March 31, 2024.

	Time Spent	%Time	Budgeted	%Budgeted	Δ%
Indirect Hours*	5,364	38%	5,913	34%	-4%
Direct Hours**	8,899	62%	11,247	66%	4%
TOTALS	**14,263**		**17,160**		

*47% of indirect time consists of PTO (Paid Time Off) and required training, 53% is other administrative activities (Internal Audit management time, staff meetings, emails, uncategorized requests, etc.)

** Includes Support, Special Projects, Consults, Follow-up, Affiliates, and Assurance Reviews.

Financial Performance

Figures represented are as of March 31, 2024.

	Actual	Budget	Variance	Percent
Salaries	1,022,926	1,107,773	84,847	7.7%
Expense*	62,580	62,744	164	.3%
TOTALS	**1,085,506**	**1,170,517**	**85,011**	**7.3%**

* Includes an organizational allocation of actual rent expense of $9,566, depreciation expense of $46,541 and interest expense of $7,294.

PARKLAND HEALTH
Audit Committee Charter

The Board of Managers (the "Board") of Parkland Health ("Parkland") has authorized the formation of an Audit Committee (the "Committee") and approved the following charter to set forth the purposes, structure, authority, and duties and responsibilities of the Committee and the members thereof.

Purpose

The Committee, a standing committee of the Board, assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, and the organization's process for monitoring compliance with laws and regulations.

The primary goals of the Committee are to: (a) assist the Board in fulfilling its fiduciary responsibilities relating to Parkland's legal and financial compliance with applicable laws, regulatory requirements, industry guidelines, and policies; (b) oversee applicable accounting and auditing reporting practices reflecting the condition of Parkland; (c) provide a vehicle for communication between the Board and management of Parkland with regard to proper operation of Parkland, (d) to receive and review audit reports prepared by internal and external auditors; and (e) direct the performance of special projects.

Membership, Meetings, Minutes and Committee Action

The Committee shall be chaired by a member of the Board and shall consist of the Chair and two other Board members. The executive liaisons to the Committee shall be the Chief Audit Executive and the General Counsel. The Chief Governance Officer shall assist the Committee and the Committee Chair in discharging their responsibilities. No member of the Committee shall be an officer or employee of Parkland, its subsidiaries or affiliates. All Committee members shall be independent of management and free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member.

The Committee will follow the operating guidelines for membership, meetings, minutes and committee actions as authorized by the Board and as amended from time to time.

The Committee will meet regularly and no less than quarterly unless the Committee determines otherwise. A majority of the Committee shall constitute a quorum for the purposes of conducting business.

Responsibilities

1. Authority – the Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

    A. Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.

    B. Resolve any disagreements between management and the auditor regarding financial reporting.

    C. Pre-approve all audit and non-audit services.

    D. Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.

    E. Seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests, or external parties.

    F. Meet with Parkland's officers, external auditors, or outside counsel, as necessary.

2. In carrying out its responsibilities for each area below, the Committee will:

   A. Internal Audit

      1) Review and approve in conjunction with management and the Chief Audit Executive (CAE) the internal audit charter, activities, staffing, budget, and organizational structure of the internal audit function.

      2) Review and approve the annual audit plan and all major changes for recommendation to the Board of Managers for final approval.

      3) Ensure there are no unjustified restrictions or limitations of the CAE.

      4) Approve the appointment and/or termination of the CAE.

      5) At least annually, review and approve the performance of the CAE and concur with the annual compensation and salary adjustment.

      6) Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and the Standards.*

      7) On a regular basis, meet separately with the CAE to discuss any matters that the Committee or CAE believes should be discussed privately.

   B. External Audit

      1) Provide oversight of Parkland's external audit function, including audit scope and approach, coordination of audit effort with internal audit, reporting obligations, and the proposed annual external audit plan.

      2) Review and recommend to the Board the appointment and/or termination of the independent auditors selected to audit Parkland's financial statements.

      3) Meet with the independent auditor and financial management of Parkland to review the audit for the current year including any comments or recommendations of the independent auditors for accuracy and appropriate disclosures.

      4) Review changes in the accounting standards and policies applicable to Parkland with the independent auditors. Make appropriate recommendations to the Board on the findings included in the independent auditors' management letter.

      5) On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

   C. Internal Controls

      1) Review management's assessments of risk of criminal conduct and effectiveness of internal controls to prevent fraud and abuse, and applicable remediation steps.

      2) Consider the effectiveness of the organization's internal control system.

3) Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

4) Provide opportunities for the Chief Executive Officer, CAE, and the independent auditors to brief the Committee on their independent evaluation of Parkland's compliance with legal, regulatory, financial, accounting, and auditing practices.

D. Legal Oversight

1) Review and oversight of significant litigation matters and settlements in conjunction with the General Counsel.

E. Reporting Responsibilities

1) Regularly report to the Board about Committee activities, issues, and related recommendations.

2) Review any other reports the organization issues that relate to committee responsibilities.

F. Other Responsibilities

1) Perform other activities related to this charter as requested by the Board.

2) Institute and oversee special investigations as needed.

3) Review the observations of third-party audit engagements.

4) Annually review and assess the adequacy of the Committee charter, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

5) Confirm annually that all responsibilities outlined in this charter have been carried out.

6) Evaluate the Committee's and individual members' performance on a regular basis.

Approvals:

_____	_____
Audit Committee Chair	**Date**
_____	_____
Dallas County Hospital District Board Chair	**Date**

Previously Approved

~~**August 25, 2021**~~

June 8, 2022

June 27, 2023

PARKLAND HEALTH
Audit Committee Charter

The Board of Managers (the "Board") of Parkland Health ("Parkland") has authorized the formation of an Audit Committee (the "Committee") and approved the following charter to set forth the purposes, structure, authority, and duties and responsibilities of the Committee and the members thereof.

Purpose

The Committee, a standing committee of the Board, assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, and the organization's process for monitoring compliance with laws and regulations.

The primary goals of the Committee are to: (a) assist the Board in fulfilling its fiduciary responsibilities relating to Parkland's legal and financial compliance with applicable laws, regulatory requirements, industry guidelines, and policies; (b) oversee applicable accounting and auditing reporting practices reflecting the condition of Parkland; (c) provide a vehicle for communication between the Board and management of Parkland with regard to proper operation of Parkland, (d) to receive and review audit reports prepared by internal and external auditors; and (e) direct the performance of special projects.

Membership, Meetings, Minutes and Committee Action

The Committee shall be chaired by a member of the Board and shall consist of the Chair and two other Board members. The executive liaisons to the Committee shall be the Chief Audit Executive and the General Counsel. The Chief Governance Officer shall assist the Committee and the Committee Chair in discharging their responsibilities. No member of the Committee shall be an officer or employee of Parkland, its subsidiaries or affiliates. All Committee members shall be independent of management and free of any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member.

The Committee will follow the operating guidelines for membership, meetings, minutes and committee actions as authorized by the Board and as amended from time to time.

The Committee will meet regularly and no less than quarterly unless the Committee determines otherwise. A majority of the Committee shall constitute a quorum for the purposes of conducting business.

Responsibilities

1. Authority – the Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

    A. Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.

    B. Resolve any disagreements between management and the auditor regarding financial reporting.

    C. Pre-approve all audit and non-audit services.

    D. Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.

    E. Seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests, or external parties.

    F. Meet with Parkland's officers, external auditors, or outside counsel, as necessary.

2. In carrying out its responsibilities for each area below, the Committee will:

   A. Internal Audit

      1) Review and approve in conjunction with management and the Chief Audit Executive (CAE) the internal audit charter, activities, staffing, budget, and organizational structure of the internal audit function.

      2) Review and approve the annual audit plan and all major changes for recommendation to the Board of Managers for final approval.

      3) Ensure there are no unjustified restrictions or limitations of the CAE.

      4) Approve the appointment and/or termination of the CAE.

      5) At least annually, review and approve the performance of the CAE and concur with the annual compensation and salary adjustment.

      6) Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and the Standards.*

      7) On a regular basis, meet separately with the CAE to discuss any matters that the Committee or CAE believes should be discussed privately.

   B. External Audit

      1) Provide oversight of Parkland's external audit function, including audit scope and approach, coordination of audit effort with internal audit, reporting obligations, and the proposed annual external audit plan.

      2) Review and recommend to the Board the appointment and/or termination of the independent auditors selected to audit Parkland's financial statements.

      3) Meet with the independent auditor and financial management of Parkland to review the audit for the current year including any comments or recommendations of the independent auditors for accuracy and appropriate disclosures.

      4) Review changes in the accounting standards and policies applicable to Parkland with the independent auditors. Make appropriate recommendations to the Board on the findings included in the independent auditors' management letter.

      5) On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

   C. Internal Controls

      1) Review management's assessments of risk of criminal conduct and effectiveness of internal controls to prevent fraud and abuse, and applicable remediation steps.

      2) Consider the effectiveness of the organization's internal control system.

3) Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

4) Provide opportunities for the Chief Executive Officer, CAE, and the independent auditors to brief the Committee on their independent evaluation of Parkland's compliance with legal, regulatory, financial, accounting, and auditing practices.

D. Legal Oversight

1) Review and oversight of significant litigation matters and settlements in conjunction with the General Counsel.

E. Reporting Responsibilities

1) Regularly report to the Board about Committee activities, issues, and related recommendations.

2) Review any other reports the organization issues that relate to committee responsibilities.

F. Other Responsibilities

1) Perform other activities related to this charter as requested by the Board.

2) Institute and oversee special investigations as needed.

3) Review the observations of third-party audit engagements.

4) Annually review and assess the adequacy of the Committee charter, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

5) Confirm annually that all responsibilities outlined in this charter have been carried out.

6) Evaluate the Committee's and individual members' performance on a regular basis.

Approvals:

_____	_____
Audit Committee Chair	**Date**
_____	_____
Dallas County Hospital District Board Chair	**Date**

Previously Approved
June 8, 2022
June 27, 2023

STATEMENT OF PURPOSE	According to the Institute of Internal Auditors (IIA) "Internal auditing is an **independent, objective assurance and consulting activity** designed to add value and improve an organization's operations. Auditing assists the Dallas County Hospital District (DCHD) in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, control, and governance processes. Internal Audit Services (IAS) conducts reviews of operations and reports findings with recommendations to Administration and to the Audit Committee (the "Committee") of the DCHD Board of Managers (Board), as well as the related subsidiary committees and governance.
SCOPE	The IAS department of DCHD has been established, granted authority, and is responsible for the performance of its duties as set forth below. The Board of Parkland Health ("Parkland") has authorized the formation of an Audit Committee. The committee has approved this charter to set forth the purposes, structure, authority, and duties and responsibilities of Internal Audit Services. **International Standards for the Professional Practice of Internal Auditing (Standards)** Professional Internal Audit activities are to be conducted in compliance with all District policies and procedures. All audit work is to be performed in a manner consistent with the mandatory elements of The IIA's International Professional Practices Framework (IPPF), including the Core Principles for the Standards, the Code of Ethics, and the Definition of Internal Auditing. The Chief Audit Executive (CAE) will report periodically to senior management and the audit committee regarding the internal audit department's conformance to the Code of Ethics and the Standards. The Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the Standards constitute an addendum to the charter. Audit reports generated by IAS may state that the audit activity conforms to the Standards if the activity, within the previous five years, has undergone an external assessment and has demonstrated that the internal audit activity is in conformance with the Standards.

Independence

- All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports. If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to the appropriate parties.

- All Internal auditors must have an impartial unbiased attitude and avoid any conflict of interest. Internal auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures nor prepare records which would normally be audited.

Responsibilities

IAS is responsible for assessing the various functions and control systems within the hospital and advising Administration and the Board concerning their condition. The fulfillment of this accountability is not confined to but includes:

- Appraising the effectiveness and application of administrative and financial controls and the reliability and integrity of data developed and reported by the hospital.

- Evaluating the sufficiency, adequacy and compliance with hospital policies and procedures, as well as compliance with all applicable governmental laws and regulations.

- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

- Ascertaining the adequacy of controls for the safeguarding of assets, and when appropriate, verifying the existence of those assets.

	• Performing special reviews as requested by Administration and the Board. • Conducting appraisals of the effectiveness and efficiency in the use of hospital resources and making appropriate recommendations. • Performing a risk assessment and developing an annual audit plan. • Coordinating audit planning and scheduling activities with Administration and external auditors. • Coordinating audit activities with Compliance, Legal, Quality, Safety as part of the organization's enterprise risk management activity. • Maintain appropriate professional staff to accomplish Internal Audit Services mission. • Maintenance of a robust Quality Assurance and Improvement program to ensure high-quality audit results. • Monitoring and evaluating governance processes. • Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization. • Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. IAS may periodically perform assurance and/or consulting services for internal and external clients. These services will result in a report to the requesting client. In the event of a significant compliance issue that may pose a material risk to the organization the issue will be communicated to Administration and the Board. In addition, IAS' Audit Plan Status Report to the Committee identifies all assurance or consulting projects.

- Assurance services are categorized as follows: financial, compliance, process (operational), systems (including information technology), fraud (including ethics), and multiple objective department reviews (i.e. financial, operations, compliance, technology).

- Consulting services are categorized as follows: counsel and advice, facilitation, process evaluation, and training.

Reporting

- A written report will be prepared and issued by the CAE or designee following the conclusion of each audit and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the Chairman of the Audit Committee, the Board, and the Chief Executive Officer (CEO).

- The CAE or designee may include in the audit report the auditee's response and corrective action taken or to be taken regarding the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed. If management deems the identified risk as acceptable, then management may accept the risk, and this will be reflected in the final or follow-up audit report to the Board.

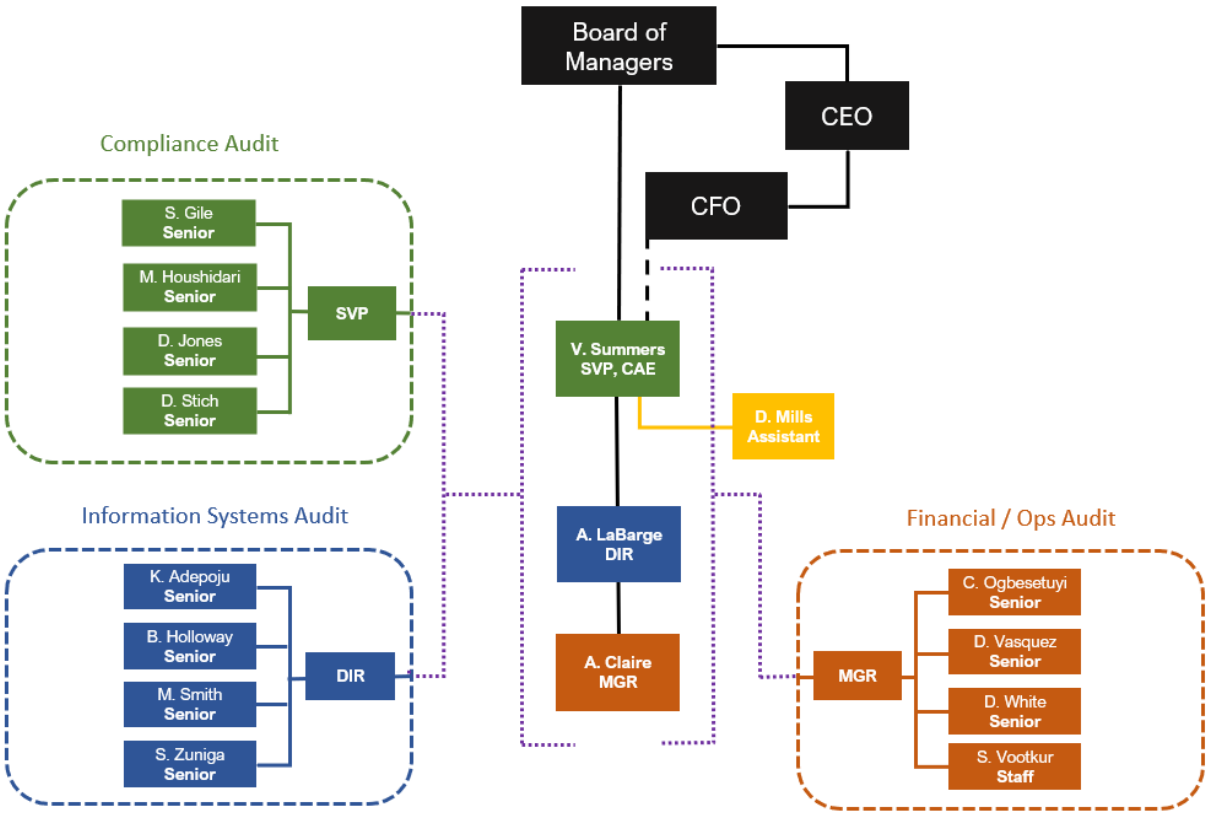
- In cases where a response is not included within the audit report, management of the audited area should respond to IAS and those on the distribution list, in writing, within thirty days of publication.

- IAS shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issue until cleared by the CAE or the Audit Committee.

	Periodic Assessment The CAE should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to Administration and the Board.
MEMBERS	The charter is applicable to IAS staff and Parkland Management
LEADERSHIP	Board, CEO, CFO, COO, CAE
REPORTS TO	IAS reports to the Audit Committee of the Board. The Audit Committee has final authority and responsibility to appoint and remove the CAE. (See the Board of Managers Policy Manual for the Audit Committee Charter). IAS has been authorized to have full and unrestricted access to all Districts, including affiliates, records, property and personnel. The Board has granted this authority, with the concurrence of Administration. Documents and information given to Internal Audit during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them. The CAE will report functionally to the Board and administratively (i.e. day-to-day operations) to the CFO. **The Board will:** • Approve the internal audit charter. • Approve the risk-based internal audit plan. • Approve the internal audit budget and resource plan. • Receive communications from the CAE on the internal audit activity's performance relative to its plan and other matters.

	• Approve decisions regarding the appointment and removal of the CAE. • Approve the remuneration of the CAE. • Make appropriate inquiries of District management and the CAE to determine whether there is inappropriate scope or resource limitations.
SUBCOMMITTEES	N/A
CRITICAL INTERFACES	The CAE will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.
MEETINGS	N/A
MEETING MINUTES	N/A
AMENDMENTS TO THE CHARTER	Amendments proposed by CAE to the Board in a meeting of the Audit Committee. Members of the Audit Committee must vote to pass amendment. Annual approvals required by CAE and Audit Committee Chair. Amendments may also be proposed by the Governance Compliance & Ethics Committee (GCEC) in collaboration with the CAE.
REFERENCES AND DEFINITIONS	N/A

Appendix A – Organizational Chart



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REFERENCES AND DEFINITIONS	N/A

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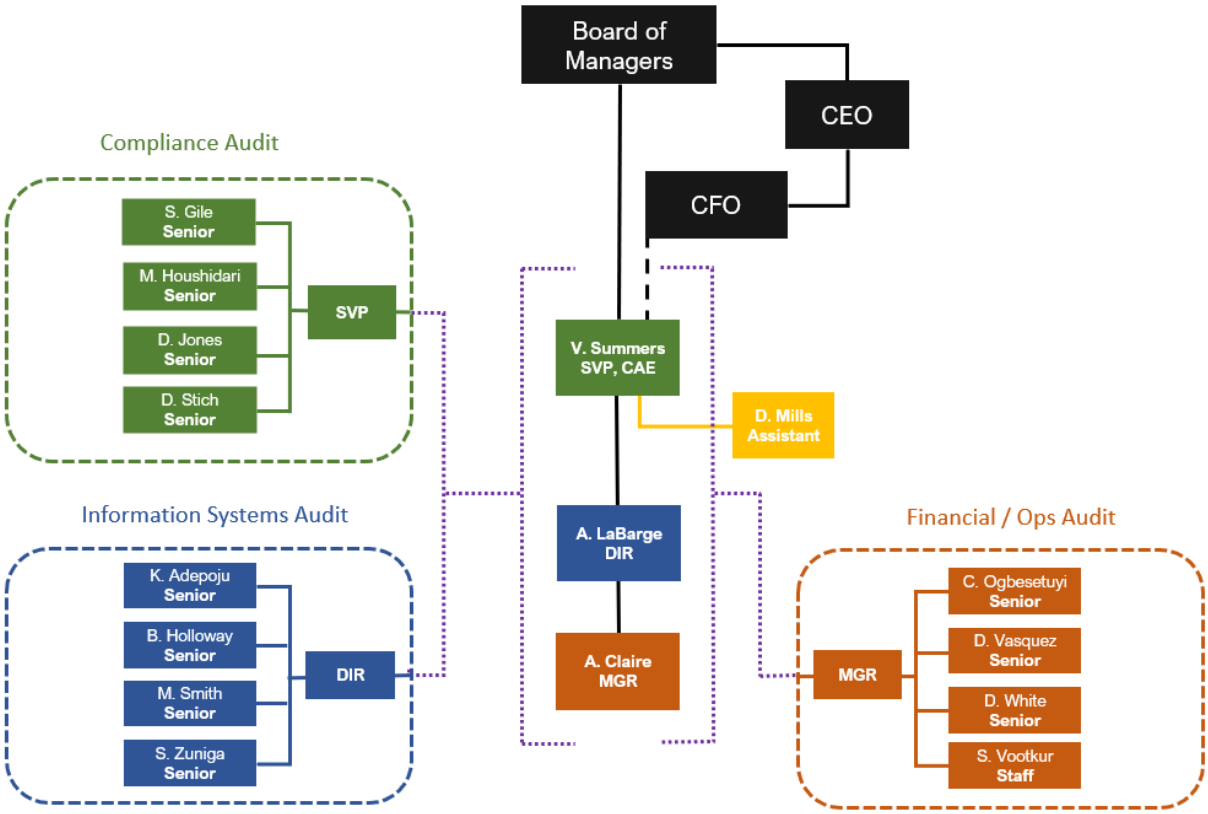

Internal Audit Services

Audit Follow-up Report Summary

April 11, 2024 – June 3, 2024

	Overall					Current Period Activity		
Session Type	Number of Audits	Number of Audits Greater than a Year Old	Number of Issues Reported	Number of Issues Addressed to Date	Number of Open Issues	Audits Closed During Period	Number of Issues Addressed	Number of Issues Where Management Accepted the Risk
Open Session	**6**	**3**	**31**	**14**	**17**	**2**	**9**	**0**
Executive Session	**9**	**4**	**41**	**19**	**22**	**1**	**5**	**1**

Internal Audit Services
Closure Report

AUDIT COMMITTEE OPEN SESSION
April 11 - June 12, 2024

Audit	Session Type	Issue	Action Detail	Actions Taken by Management
19-08 COPC	Open	19-08 Compliance with Advance Beneficiary Notice (ABN) Procedures and Regulatory Requirements	19-08 ABN Denial Review Process	Population Health has led and worked with an integrated team including Epic representatives, Parkland's IT, HIM, Revenue Cycle, and Inpatient Services to update Epic tables to ensure that the ABN triggers correctly. In addition, education to Providers was completed and an ABN Tip Sheet was documented for future reference. Population Health will continue to improve the ABN process by implementing a consistent process to ensure that signed ABNs are uploaded into EPIC and that the correct modifier is applied.
22-06 Talent Acquisition	Open	22-06 Inefficient Execution and Monitoring of Sign-On Agreement Process	22-06 Implement processes and controls related to recovering funds from sign-on bonus breaches	A cross functional team representing Finance, Legal Affairs and the Office of Talent Management completed a Project Charter that details the projects Opportunity (Problem) Statement, Goals/Objectives, Business Case and Project Scope as well as a Process Map. This team is continuing work to improve the processes and controls related to recovering funds from sign-on bonus breaches.
22-06 Talent Acquisition	Open	22-06 Inconsistent Reporting and Monitoring	22-06 Inconsistent Reporting and Monitoring of Talent Acquisition Service Level Agreements (SLAs)	Talent Acquisition (TA) updated the recruiter's Service Level Agreements and included operational definitions. TA management also developed a process to attain and retain appropriate documentation and is routinely monitoring SLAs via the Recruitment Activity Report.

Internal Audit Services
Closure Report

AUDIT COMMITTEE OPEN SESSION
April 11 - June 12, 2024

Audit	Session Type	Issue	Action Detail	Actions Taken by Management
22-06 Talent Acquisition	Open	22-06 Consent and Release of Liability Forms for Health and Drug Screening are not adequately reviewed and maintained	22-06 Review and Maintenance of Consent and Release of Liability Forms	Occupational Health has developed an auditing process and tool to identify potential gaps in documentation on the urine drug screen forms. The goal of the audits are to identify missing documentation on the urine drug screen forms and provide training and education to OHS staff on proper documentation. Legal Affairs, Supply Chain Contracting and IT developed and documented a process to ensure that contracts contain language regarding the access and ownership of data when a contract ends.
23-03 Chargemaster	Open	23-03 CDM Policies and Procedures are Not Current	23-03 Policies and procedures are not current and do not reflect all CDM processes.	The PFS Revenue Integrity - CDM Management team updated the Charge Description Master (CDM) Pricing and added the identified missing audit attributes.
23-14 Vehicles	Open	23-14 Physical Validation of Vehicles and Compliance with State Regulations Including Insurance and Registration	23-14 Physical Validation of Vehicles and Compliance with State Regulations Including Insurance and Registration	Supply Chain sponsored a Vehicle Rodeo for all Parkland owned vehicles April 4 - 5, 2024 where drivers were required to present their current driver's license, Parkland insurance letter and fuel cards for validation. This was announced on Parklands home page.
23-14 Vehicles	Open	23-14 Completeness of Infor Accounting Records	23-14 Completeness of Infor Accounting Records	Supply Chain and Accounting collaborated to make certain all Parkland vehicles are appropriately added to Infor. Supply Chain and Accounting developed a process to ensure that vehicles are added to Infor when obtained outside the normal purchase ordering process such as through grant funds or other donation methods. By making these changes, Accounting will be able to identify vehicles in the Accounting System as "Capital" rather than incorrectly coded as an "Expense".

Internal Audit Services
Closure Report

AUDIT COMMITTEE OPEN SESSION
April 11 - June 12, 2024

Audit	Session Type	Issue	Action Detail	Actions Taken by Management
23-06 Out of County Process	Open	23-06 County Notification Process is Inconsistent	23-06 County Notification Process is Inconsistent	5/31/2024 Status – Discussed with Gerry, PFS, regarding the recent conversation on the out of county (OOC) patient process of notifying the respective counties and compliance with the legal requirement. PFS is following their process established to notify the counties and subsequently bill for the services provided. However, the process does not include outpatient services. OOC outpatients are assigned the self-pay charity discount (SPCD) financial class and must meet requirements for services. Therefore, counties are not notified. Gerry agreed and explained that they struggle with direct referrals to the outpatient service locations which PFS is not a part of the process. He has had recent discussions with Clinic and Physician leadership regarding the process. Gerry will schedule a meeting with Christina to discuss the direct referrals. IAS will include the direct referrals in the Patient Scheduling audit currently underway. Recommendation – Closure of the observation
23-06 Out of County Process	Open	23-06 Lack of Payments Received	23-06 Lack of Payments Received	

Internal Audit Services
Follow-Up Report

AUDIT COMMITTEE OPEN SESSION
June 12, 2024

Progress Trend Legend

↑ ***Ascend*** – significant progress, closure likely and approaching

→ ***Forward*** – moderate progress in the right direction

⇆ ***Divergent*** – progress limited, at risk of descending

↓ ***Descend*** – no development, closure unlikely and risk may be accepted

Audit	Issue	Action Detail	Status	Action Needed	Risk to Parkland if Corrective Actions are Not Implemented
20-11 Consignment Process →	20-11 Pricing Inconsistencies Were Identified	Action: 20-11 Pricing Inconsistencies - Perioperative Services Action Owner: Mary Alexander Executive: Pamela Bryant Action Due Date: 1/31/2024 **New Action Due Date: 2/29/2024** **New Action Due Date: 5/31/2024** **New Action Due Date: 5/31/2025 (1)** % Complete: 75	The implementation of the perpetual inventory for the OR was delayed several times and did go live in April 2024. Implementation of the perpetual inventory for the OR general supplies is the first step in automating the supply process for Parkland's OR supplies. In order to be able to manage the consignment through our ERP, all the supplies need to be built into the system and the consignment flag needs to be utilized. 1,900 items were included in the OR general stores, however the specialty supplies stocked on the third floor need to be brought into the process prior to the consignment process implementation. This build will take longer and lessons learned from the ORSC go live indicate that the proposed time frame was not sufficient.	Supply Chain - Needs to develop a system to ensure prices for consignment items are current and updated in INFOR, and to ensure current contract prices are reflected in INFOR. There is a flag in INFOR to ID consignment; however, Supply Chain is not currently using this flag. Supply Chain wants to implement a Perpetual Inventory System and work with INFOR to identify and separate Consignment from Parkland Owned supplies.	Failure to implement corrective actions could result in non-compliance with federal/state billing regulations and could subject Parkland to regulatory sanctions, civil and/or criminal penalties and negative publicity. If under billing it would result in lost revenue. Potential of co-mingling consignment with Parkland owned supplies. Potential of not being able to determine consignment expenditures if combined with Parkland owned inventory. Potential negative publicity associated with non-compliance with billing regulations.
	20-11 Tracking and Monitoring of Consignment Items Were Lacking	Action: 20-11 Tracking and Monitoring of Consignment Items were Lacking Action Owner: Mary Alexander Executive: Pamela Bryant Action Due Date: 1/31/2024 **New Action Due Date: 6/30/2024** **New Action Due Date: 5/31/2025 (1)** % Complete: 75		Supply Chain needs to implement a Perpetual Inventory System and work with INFOR to identify and separate Consignment from Parkland Owned supplies.	Potential non-compliance with federal/state billing regulations could subject Parkland to regulatory sanctions, and civil and/or criminal penalties. Potential of over/under billing. Potential of co-mingling consignment with Parkland owned supplies. Potential of not being able to determine consignment expenditures if combined with Parkland owned inventory.
	20-11 The Recall Process Is Decentralized	Action: 20-11 The Recall Process Is Decentralized Action Owner: Michael Lane Executive: Roberto de la Cruz Action Due Date: 6/30/2023 **New Action Due Date: 6/30/2024** % Complete: 50	A Patient Safety Clinical Manager to support Parkland's Recall Process has been hired and work has begun with ECRI (the outside vendor that supplies recall information to Parkland). Current processes are being reviewed; however, changes have not been finalized.	Quality & Safety Operations, Safety & Clinical Risk Management and Supply Chain need to centralize the recall process and finalize the recall policy.	Potential patient safety if the identification of recall products are not identified and communicated to the affected providers and patients. Potential for inconsistent oversight, management, documentation of issues and corrective response. Potential negative publicity associated with non-compliance with patient safety recall communication and processes.
22-03 Procurement and Contracting ↑	22-03 Requisition Approvals	Action: 22-03 Requisition Approvals Action Owner: Vic Summers Executive: Richard Humphrey Action Due Date: 6/30/2023 **New Action Due Date: 4/30/2024** % Complete: 90	IAS is currently retesting.	Supply Chain needs to ensure that there are system controls to prevent unauthorized purchases. In addition, Supply Chain needs to routinely review requisition approval levels for appropriateness.	Without adequate separation of duties, unauthorized purchases could occur
22-06 Talent Acquisition ↑	22-06 Inadequate retention and preservation of Signed Application Disclosure and Authorization Forms for Background Checks	22-06 Retention and Preservation of Signed Authorization Forms Action Owner: Pamela Bryant Executive: Richard Humphrey Action Due Date: 10/31/2023 **New Action Due Date: 3/31/2024** **New Action Due Date: 5/31/2024** % Complete: 75	Legal Affairs, Contract, and IT are working together to develop, document and test Parkland's Vendor Data Information Template and the new process workflow.	Legal Affairs and Contracting needs to ensure contracts contain language regarding the access and ownership of data when a contract ends.	Inability to produce required hiring process documentation to support hiring decisions and compliance with Equal Employment and Opportunity Commission and Department of Labor regulations.

Internal Audit Services
Follow-Up Report

AUDIT COMMITTEE OPEN SESSION
June 12, 2024

Progress Trend Legend

↑ ***Ascend*** – significant progress, closure likely and approaching

→ ***Forward*** – moderate progress in the right direction

⇆ ***Divergent*** – progress limited, at risk of descending

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Audit	Issue	Action Detail	Status	Action Needed	Risk to Parkland if Corrective Actions are Not Implemented
23-03 Chargemaster ↑	23-03 Charge Description Master (CDM) Pricing	23-03 CDM Pricing is not reflective of Parkland Pricing Policy Action Owner: Gerry Baker Executive: Richard Humphrey Action Due Date: 10/31/2023 **New Action Due Date: 3/31/2024** **New Action Due Date: 4/30/2024** **New Action Due Date: 8/31/2024 (1)** % Complete: 75	Revenue Integrity-CDM updated procedure "CDM Procedure 8213-3-5 with a publish date of 4/23/24. Points 2 and 3 are provided in the reference section of this policy. Additional FTEs have been hired in the department. These employees are currently in training, and a process of segregation of duties has been implemented.	Revenue Cycle needs to ensure that pricing of CDM request items adhere to Parkland's pricing policy.	Failure to ensure that pricing of CDM request items adhere to Parkland's pricing policy could result in a lack of structure and non-compliant process for maintaining the Chargemaster.
	23-03 Charge Description Master (CDM) Requests	23-03 CDM Requests Not Processed Timely and Accurately Action Owner: Gerry Baker Executive: Richard Humphrey Action Due Date: 3/31/2024 **New Action Due Date: 7/31/2024** % Complete: 60	Revenue Cycle has been approved to hire additional staff to assist with the processing of CDM requests. The increase in staff will augment Revenue Cycle's ability to process CDM requests timelier.	Revenue Cycle needs ensure that CDM requests are processed in a timely manner to ensure availability of charging for services rendered. Thorough review of chargemaster processing prior to final approval is recommended to ensure compliance with CDM policies and procedures.	Failure to implement corrective actions could result in non-compliance with federal/state billing regulations and could subject Parkland to regulatory sanctions, civil and/or criminal penalties and negative publicity. If under billing it would result in lost revenue.
		23-03 CDM Requests Not Processed Timely and Accurately Action Owner: Vic Summers Executive: Richard Humphrey Action Due Date: 3/31/2024 **New Action Due Date: 10/31/2024** % Complete: 90	IAS submitted the work paper to IAS Management for review.	Pharmacy Services should ensure that supporting documentation for Drug Replacement expense transactions are available at the time the entry is submitted to substantiate accuracy and appropriateness of the transaction.	Failure to implement corrective actions could result in non-compliance with federal/state billing regulations and could subject Parkland to regulatory sanctions, civil and/or criminal penalties and negative publicity. If under billing it would result in lost revenue.
23-14 Vehicles ↑	23-14 Invoices and Payments for Repair Work on Vehicles	23-14 Invoices and Payments for Repair Work on Vehicles Action Owner: Pamela Bryant Executive: Richard Humphrey Action Due Date: 9/30/2024 % Complete: 10	Supply Chain is working with a local dealership with locations within 5 miles of Parkland to provide maintenance and repairs. Supply Chain will also go to bid to obtain a fleet fuel program. The transition plan is in process.	Supply Chain needs to work with the vendor to ensure all charges are supported by the contractual agreement and invoice documentation.	Invoices and payments for vehicle maintenance and repair work may not accurately reflect the terms of the contract and invoices may not provide adequate details to ensure proper payments.
	23-14 Disposition of Vehicles	23-14 Disposition of Vehicles Action Owner: Pamela Bryant Executive: Richard Humphrey Action Due Date: 9/30/2024 % Complete: 10	Fleet Management will continue to monitor vehicle sales to ensure parkland collects revenue upon auction. Fleet Management team will remove the license plates and submit VTR-346 to help protect the district from liability for criminal or civil acts involving the vehicle and the person(s) or entity taking ownership. Reaching out to Dallas County ASC for vehicle maintenance history and Parkland Finance for depreciated value was implemented to align with new SOP the vehicles audited preceded this practice.	Supply Chain needs to continue to monitor vehicle sales to ensure Parkland collects cash when vehicles are sold and work with the Texas DMV to ensure title transfers to the new owners occur.	Disposals of vehicles may not be accurately accounted for and properly approved; titles may not be properly transferred to new owners to limit Parkland's liability.

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Audit	Issue	Action Detail	Status	Action Needed	Risk to Parkland if Corrective Actions are Not Implemented
		23-14 Disposition of Vehicles Action Owner: Tabitha Lee Executive: Richard Humphrey Action Due Date: 9/30/2024 % Complete: 10	Accounting should receive disposal report for any vehicle sold or auctioned the month the asset is decommissioned; this will also ensure the gain/loss on sale of the asset is recorded timely and removed from the books. Accounting will work closely with Supply Chain regarding status any sales in our quarterly meetings.	Accounting needs to ensure all dispositions are recorded in Infor to properly account for individual vehicles. Disposition records and vendor evaluations of disposition readiness should be maintained.	Disposals of vehicles may not be accurately accounted for and properly approved; titles may not be properly transferred to new owners to limit Parkland's liability.
	23-14 Safe Driving	23-14 Safe Driving Action Owner: Jared Ginter Executive: Steven Roth Action Due Date: 1/31/2025 % Complete: 25	Institutional Risk Management together with DCHDPD and Supply Chain have been working to implement Parkland's Safe Driving Program. A list of all drivers from the areas identified to oversee Parkland owned vehicles is currently being collected. In addition, Institutional Risk Management is vetting a vendor to provide ongoing training, tracking, incident management assistance, etc.	Institutional Risk Management needs to work with departments overseeing drivers and driving responsibilities to enhance Parkland's driver safety program and ensure all drivers of Parkland vehicles are identified for inclusion in the program. When establishing driver safety program modifications, the following should be considered: annual driver's license and insurance reviews for Parkland drivers, driver safety training, and enhanced accident protocols such as driver behavior evaluation after accidents (as allowable by law and policy) and after-action reports. After the updated process is defined, Institutional Risk Management needs to work with Supply Chain to update the driver safety portions of the Fleet Management Standard Operating Procedure.	Driver's may not be properly licensed or trained to promote safe driving and accident avoidance with Parkland vehicles.
23-21 Patient Property ↑	23-21 Ineffective Property Management	23-21 Organizational Project to Redesign Patient Property Workflow (Including Procedure Updates, Training, and Monitoring) Action Owners: Donald Andriot Executive: David Garcia Action Due Date: 6/30/2024 % Complete: 90 with Analysis Future Action Owners: TBD Executive: TBD % Complete: 55	Operational Excellence has completed process analysis. and will be presenting the final proposal to the Steering Committee (Scheduled 6/10/2024). The proposal includes appointing dedicated staff to the process. Operational Excellence has completed an FTE analysis, staffing schedule and process redesign.	Operational Excellence needs to present the findings and potential recommendations to the Patient Belongings Improvement Steering Committee and identify process owners for each audit issue.	Ineffective management of property could result in patient dissatisfaction.
	23-21 Inaccurate Property Documentation				Inaccurate property documentation could lead to delays in retrieving property, incomplete chain of custody records, and patient dissatisfaction.
	23-21 Exclusion of Soiled Cash from Unclaimed Property Payment to Comptroller				Remitting incorrect amounts to the Comptroller could result in non-compliance with the Texas Property Code.
	23-21 Incomplete Property Documentation				Incomplete documentation could result in property being left behind when patients transfer to different units or leave Parkland.
	23-21 Untimely Inventory of Patient Belongings				Untimely inventories could result in patient belongings not being identified and inaccurate records.
	23-21 No ID Provided When Picking Up Patient Valuables				Releasing valuables without verifying the requestor's identity could result in unauthorized individuals obtaining patient property.
	23-21 Illegible Signature on Patient Valuable Envelope				Not validating the contents of patient valuable envelopes could result in patients holding Parkland responsible for valuables that were not brought into the hospital.